

## SECURITIES AND EXCHANGE COMMISSION

**NEWS DIGEST**

A brief summary of financial proposals filed with and actions by the S.E.C.



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**STOCK OFFERING RULES CLARIFIED.** The SEC today released a statement (Release 33-4697) with respect to "the rights and obligations of, and limitations on, dealers in connection with distributions of registered securities" under the provisions of Section 5 of the Securities Act of 1933, "with particular reference to the limitations upon, and responsibilities of, underwriters and dealers in the offer and sale of an issue of securities prior to and after the filing of a registration statement." The statement points out, among other things, (1) that Section 5 prohibits both offers to sell and offers to buy a security before a registration statement is filed, that preliminary negotiations between the issuer and underwriter are exempt from the prohibition, and no steps may be taken to form a selling group and dealers may not seek inclusion in the selling group prior to such filing. Also, "that publicity about an issuer, its securities or the proposed offering prior to the filing of a registration statement may constitute an illegal offer to sell," except that SEC Rule 135 permits a brief announcement of proposed rights offerings, proposed exchange offerings, and proposed offerings to employees; (2) that, after the registration statement is filed and before its effective date, offers to sell the securities are permitted but no written offer may be made except by means of a statutory prospectus. For this purpose the statutory prospectus includes the preliminary prospectus provided for in Rule 433 as well as the summary prospectus provided for in Rules 434 and 434A (the so-called "tombstone" advertisement also is permitted by Rule 134). During the "waiting period" between the filing and effective date of the statement, the freedom of an underwriter or dealer expecting to participate in the distribution, to communicate with his customers is limited only by the antifraud provisions of the Securities Act and the Securities Exchange Act of 1934, and by the fact that written offering material other than a statutory prospectus or tombstone advertisement may not be used. In other words, during this period "free writing" is illegal, but a dealer may orally solicit indications of interest or offers to buy and may discuss the securities with his customers and advise them whether or not in his opinion the securities are desirable or suitable for them. Wide dissemination and use of the prospectus as "a reliable source of information" is encouraged; but no contracts of sale can be made during this period, the purchase price may not be paid or received and offers to buy may be cancelled; and (3) that, when the statement becomes effective oral offerings may continue and sales may be made and consummated. A copy of the final statutory prospectus must be delivered in connection with any written offer or confirmation or upon delivery of the security, whichever first occurs. Supplemental sales literature ("free writing") may be used if it is ~~accomplished~~ by a prospectus; but care must be taken to see that all such material is at the time of use not false or misleading. All dealers trading in the registered security must continue to employ the prospectus for the period referred to in Section 4 of the Act.

**SILVER BUCKLE MINES OFFERING SUSPENDED.** The SEC has issued an order under the Securities Act of 1933 temporarily suspending a Regulation A exemption from registration with respect to a proposed public offering of stock by Silver Buckle Mines, Inc., of Wallace, Idaho. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed May 7, 1964, the said company ("SBMI") proposed the public offering of 1,000,000 common shares at 20¢ per share. The Commission asserts in its suspension order that it "reasonable cause to believe" that certain terms and conditions of Regulation A were not complied with and that the public offering of SBMI stock would violate Section 17 (the anti-fraud provision) of the Act by reason of certain false and misleading disclosures contained in the company's offering circular. The alleged misrepresentations relate to the valuation of SBMI's 50% working interest in property of Vindicator Silver Lead Mining Company (SBMI's principal asset); the nature and results of exploratory work previously done on such property; and other geological information with respect to the property. There also was a failure to make proper disclosure of the sale of unregistered securities by affiliates of SBMI during the past year which, when added to the proposed offering by SBMI (as required by Regulation A) exceeds the \$300,000 maximum under that Regulation and makes a Regulation A exemption unavailable to SBMI.

**COBURN ASSOCIATES HEARING SCHEDULED.** The Commission has scheduled a hearing for July 20, 1964, in its New York Regional Office in consolidated administrative proceedings previously authorized and involving the following firms: J. B. Coburn Associates, Inc., 150 Broadway, New York; Washington Planning Corporation, 150 Broadway, New York and Washington Planning Corporation of Md., 501 - 13th St., Washington, D. C.

**GODDARD & CO. HEARING SCHEDULED.** Administrative proceedings involving the broker-dealer firm of J. H. Goddard & Co., Inc., of Boston, have been scheduled for hearing in the Commission's Boston Regional Office, commencing June 23, 1964.

**MARION OIL HEARING SCHEDULED.** At the request of Marion Oil Company, Inc., of Erie, Pa., the Commission has scheduled a hearing for June 17, 1964, in its Washington Office on the question whether to vacate or make permanent the May 11, 1964, order of the Commission temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by that company.

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**MICH. WISC. PIPE LINE ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15079) approving a proposal by Michigan Wisconsin Pipe Line Company, Detroit, for the issuance and sale at competitive bidding of \$20,000,000 of first mortgage pipe line bonds due 1984. Of the net proceeds from the bond sale, \$11,000,000 will be used to retire outstanding bank notes and the balance will be used for construction.

**CONTINENTAL VENDING, TASTEE FREEZ TRADING BAN CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation and Tastee Freez Industries, Inc., for a further ten-day period, June 1 - 10, 1964, inclusive.

**CONTINENTAL INDEPENDENT TELEPHONE SHARES IN REGISTRATION.** Continental Independent Telephone Corporation, 130 S. Bemiston, St. Louis, filed a registration statement (File 2-22449) with the SEC on May 26 seeking registration of 269,229 shares of common stock and outstanding warrants to purchase 42,900 shares. Of the stock being registered, 176,272 common shares have been or are to be issued upon exercise of stock options and warrants; and 92,957 common shares (being outstanding stock) are to be offered by the present holders thereof on the American Stock Exchange at prices then prevailing. Warrants for the 42,900 shares may also be offered for public sale by the present holder from time to time at prices then obtainable.

The company (formerly Continental Telephone Co.) was organized in 1960 for the principal purpose of acquiring controlling interests in operating telephone properties, and in March it merged with Independent Telephone Corporation. The company has acquired controlling interest in approximately 100 operating telephone properties. To the extent that common shares are issued upon the exercise of warrants or stock options the net proceeds therefrom will be added to the company's general funds and will be available for working capital and other corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 3,351,512 common shares. The selling stockholders are W. E. Gault, A. D. Moore and W. W. Coleman, who are offering 30,986, 30,986 and 30,985 common shares, respectively. These shares were received by the three stockholders in connection with the sale of Southwest Dial, Inc., to the company. The outstanding warrants included in the registration are held by Hallgarten & Company, of which Donald S. Stralem, a director of the company, is a partner. Phillip J. Lucier is listed as president of the company.

**LINK-BELT PROPOSES OFFERING.** Link-Belt Company, Prudential Plaza, Chicago, filed a registration statement (File 2-22450) with the SEC on May 26 seeking registration of 29,789 shares of common stock, to be offered at \$51 per share to officers and employees who are entitled to participate in the Additional Provisional Compensation Plans of the Company and who were less than 55 years of age on January 1, 1964. Net proceeds from its stock sale will be used for working capital.

**EPICURE FOODS PROPOSES OFFERING.** Epicure Foods, Inc., 6425 Nicollet Avenue South, Minneapolis, filed a registration statement (File 2-22453) with the SEC on May 27 seeking registration of 500,000 shares of common stock, to be offered for public sale at \$1 per share. The offering is to be made through officials of the company and of Tronchemics Research Incorporated.

Organized under Minnesota laws in January 1964, the company proposes to engage in the production, marketing, distribution, and research and development of food products and related materials. Net proceeds from the stock sale will be used to defray expenses during the first two years of the company's operations. The company has outstanding 200,000 common shares, all of which were acquired by Tronchemics Research for a consideration of \$1,000 in cash and the transfer of all rights in a product known as "Fruit Crisps." Wayne S. Dodds is listed as president.

**AMERICAN FIDELITY LIFE INSURANCE FILES STOCK PLAN.** American Fidelity Life Insurance Company, 1528 Barrancas Ave., Pensacola, Fla., filed a registration statement (File 2-22454) with the SEC on May 27 seeking registration of 75,880 shares of common stock, to be offered under its Restricted Stock Option Plan.

**SIGNAL OIL FILES STOCK PLAN.** Signal Oil and Gas Company, 1010 Wilshire Blvd., Los Angeles, filed a registration statement (File 2-22455) with the SEC on May 27 seeking registration of 2,400 interests of participation in its Savings and Stock Purchase Plan, together with 84,000 shares of Class A common stock which may be acquired pursuant thereto.

**CONSOLIDATED EDISON PROPOSES OFFERING.** Consolidated Edison Company of New York, Inc., 4 Irving Place, New York, filed a registration statement (File 2-22457) with the SEC on May 27 seeking registration of 600,000 shares of Series C cumulative preferred stock. The shares are to be offered for public sale through an underwriting group headed by Morgan Stanley & Co., 2 Wall St., and The First Boston Corporation, 20 Exchange Place, both of New York. The public offering price (\$100 per share maximum\*), interest rate and underwriting terms are to be supplied by amendment.

The company is a public utility engaged in the generation, manufacture, purchase and sale of electricity, gas and steam. Net proceeds from the stock sale will be used to retire a portion of its short-term bank loans, approximating \$115,000,000, which were incurred in connection with its construction program (estimated at \$1,250,000,000 through 1968). In addition to indebtedness and preferred stock, the company has outstanding 17,492,686 shares of common stock, of which management officials as a group own 13,946 shares. Harland C. Forbes is listed as board chairman and Charles E. Eble as president.

**SECURITIES ACT REGISTRATIONS. Effective May 27:** Associated Dry Goods Corp. (File 2-22378); Frontier Airlines, Inc. (File 2-22337); Genesco Inc. (File Nos. 2-21809, 21898 & 21899); Iowa Beef Packers, Inc. (File 2-22419); Iowa-Illinois Gas and Electric Co. (File 2-22374); Lily Lynn, Inc. (File 2-22345); Minerals & Chemicals Philipp Corp. (File 2-22428); Mountain Fuel Supply Co. (File Nos. 2-22382 & 22383); San Diego Gas & Electric Co. (File 2-22380). **Effective May 28:** McGraw-Edison Co. (File 2-22325); The Esterbrook Pen Co. (File 2-22238).

**ORAL ARGUMENT, COMING WEEK.** June 3, 2:30 P.M., Midwest Planned Investments, Inc.

\*As estimated for purposes of computing the registration fee.

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